

Thank you Senator Cantwell for this opportunity to share our thoughts about the SBA finance programs.

My name is Craig Chance, Senior Vice President, Columbia State Bank (Columbia Bank) where I manage the unit responsible for our SBA lending efforts. Prior to joining Columbia Bank in 1998, I held a similar position at another Washington community bank for nine years. My engagement with SBA lending commenced in 1987 as an employee of the state of Washington's Community Development Finance program.

Columbia Bank is a 20 year-old commercial bank, headquartered in Tacoma. During the recession Columbia Bank acquired 5 banks in FDIC assisted transactions. Additionally, in 2013 Oregon-based West Coast Bank merged with Columbia Bank. We operate 140 branches, with 80 in Washington and 60 in Oregon. At the end of the year total assets stood at \$7.16 billion. Our bank's CEO, Melanie Dressel often emphasizes that in 2013 new loan originations were over \$800 million.

Columbia Bank is an active SBA 7(a) and 504 lender. In Federal Fiscal Year 2013, Columbia Bank generated just under \$29 million in SBA 7(a) lending and \$19 million in 504 third party lender loans. We have a staff of 9 people primarily focused on SBA lending. Five of those people are stationed in Vancouver.

We appreciate our relationship with the SBA and consistently find their employees to be professional, helpful partners. We welcome opportunities to work with SBA and other institutions to enhance awareness of SBA program attributes. Too often even small business owners perceive the programs as "lender of last resort" when in fact a core value of these programs is that they enhance the competitiveness of small businesses by providing them with access to capital on the reasonable terms more akin to those enjoyed by international firms that have direct access to Wall Street.

With SBA term financing we assist a broad spectrum of needs including start-ups, business acquisitions, equipment purchases, owner-occupied real estate purchase, refinancing of various forms of business debt into more favorable structures, and term working capital. The availability of term working capital financing is one of the unique, powerful attributes of SBA 7(a) financing.

Our Clark County SBA assisted firms include a retail store whose owner entered business with a package of services including receiving unemployment benefits as she successfully transitioned into business ownership; the formation, expansion of a styling salon that helped a woman establish her financial independence; and an environmental contamination remediation firm that benefited from a restructuring of its debt as it emerged from the recession.

Southwest Washington has had more than its share of economic challenges from the loss of much of its resource based economy in the 1980s to the more recent recession's effects on construction and other industries. Yet we see vibrancy in the communities. Just outside these walls the signs of renewal are clear in downtown Vancouver. Recognizing this potential, in addition to our SBA staff we have a retail branch and a dedicated commercial banking team based in downtown Vancouver

When I visit with new or prospective SBA 7(a) lenders, typical concerns include the perceived complexity and uncertainty of guaranty purchases when loans default, the monthly 1502 portfolio reporting process, and the time involved by lenders in submitting guaranty applications through the GP, non-delegated method.

As a lender with delegated authority (PLP, Express), occasionally we need to submit packages through the GP process. It requires scanning a package that is usually several inches thick. This could be greatly simplified through a reinvention of the Certified Lender Program (CLP) that could provide a process similar to information typically included in internal lender processes. In most institutions the approval review process is limited to a detailed credit memorandum, financial spreads, and perhaps a few forms. Reinvention of the CLP to more closely match conventional lending approval practices would reduce labor time for both lenders and SBA and result in reduced approval times for small businesses.

We look forward to continuing to work with SBA, the community development organizations, and all others to advance small business access to capital.

Senator Cantwell, thank you for your advocacy and support of small business capital access.

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